From: ODS-Michael <michael@odservices.biz>
Sent: Sunday, February 21, 2010 3:17 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex (Federal Register Release: 75 FR 3281)

NOTE: This is an additional response that I neglected to emphasize in my first repsonse

To whom it may concern:

I am not sure if this is proposed regulation, but one of the most egregious is the practice of some Forex Dealers of being a "dealing desk". These types of dealers are akin to the predatory lenders of the subprime mortgage market.

When I asked one of these dealers about this activity they stated they do this for the benefit of the trader (i.e., to ensure they can get into the trade). For those of us that educated ourselves on the Forex Market know that this is blatantly false as the Forex market is the most liquid market out there and finding some to take your trade is never an issue (assuming you are willing to trade at the prevailing market price levels of course).

Thanks,
Michael Catmull

From: ODS-Michael <michael@odservices.biz>
Sent: Sunday, February 21, 2010 3:17 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex (Federal Register Release: 75 FR 3281)

To whom it may concern:

I am writing to you in opposition to the 10:1 leverage proposed restriction. My guess is that a relative few retail Forex traders have caused this proposal to come to the forefront of the CFTC. As with most government intervention for the minority, the unintended collateral damage for the responsible, educated majority is far worse the perceived benefits

This 10:1 leverage will have negative impact to the majority of successful traders that are actually making money in the Retail Forex Market. I say the majority because it would not be a thriving vehicle for trading if the majority of traders were losing money. I can envision at least 2 negative unintended consequences:

More money would be at risk for all those successful traders that are using their current leverage appropriately.
This will prohibit many (like me) from ever realizing my dream of being independent of economic downturns and being subject to an employer. I spent several months paper trading before I started to trade. This involved me making a lot of mistakes (i.e., resetting my paper trading account) along the way but has proved to be most beneficial after I went live with real money.

Instead we need to be proactive vs. reactive. Enforce education and certification for retail traders. As I indicated, I paper traded for several months before I had any sort of confidence I could trade using "real" dollars. This education could include some of the following:

Required courseware that certifies a budding retail trader understands the risks of trading Forex using existing leverage levels
Videos show both the "upside" of a good responsible trading and the "downside" of ignorant uneducated trading.
Require Paper Trading results for a 1. If a retail trader requires a reset of their account, they must start over. The retail trader must exhibit they can make a certain percentage (e.g., 5%-10% - better than they can do in the bank) on their account before they are certified to trade live.

suggest 2 types of paper trading accounts: pre-certification and certification

-certification account would be free and could be reset as often as desired
account would require a fee (say $50-$100 or some percentage of the starting capital) for the initial "funding" and any resets that follow during the certification period. This would force the budding retail trader to take the paper trading seriously.

All of the above puts the responsibility back on the retail trader and allows other successful traders to continue being successful. If after going through the above steps and the retail trader still fails then they probably were not following what the exhibited during their education and certification process.

A collateral benefit could be a spawned educational industry for educating (not selling) Forex trading as a viable method of generating additional income and tax revenue for government.

If you restrict the leverage you have to potential of adding to the current unemployment rolls for those that will no longer be able trade using 10:1 leverage.

Thanks,
Michael Catmull

From: ray austin <ray_austin@hotmail.com>
Sent: Sunday, February 21, 2010 7:18 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail FOREX

Comments on Regulation of Retail FOREX

David Stawick,Secretary,
Commodity Futures Trading Commission,
1155 21st Street, N.W.,
Washington, DC 20581.

RE: RIN 3038-AC61

Dear Mr. Stawick,

I think lowering the leverage requirement for retail FOREX transactions will do the exact opposite in regards to customer protection.

It wouldn't matter if you lowered or raised the leverage amount in terms of customer protection. The fact of the matter is many uneducated people try their hand at FOREX and lose. Reducing leverage will not change this outcome when FOREX brokers blanket the internet with advertising promising fast and easy money with a little disclaimer at the bottom of heavy risks of loss.

Lowering the leverage of retail FOREX in the U.S. would do nothing but kill a legitimate business.

Why would Americans keep trading in a climate that is laden with laws against them? Why would foreigners open a FOREX trading account in the U.S. when the rules are prohibitively against them compared to other jurisdictions around the globe? [Leverage works for you as much as against you.]

We have already suffered massive restrictions already from the NFA with imposing No hedge rules and FIFO. Most U.S. brokers have already opened brokerages outside the U.S. already due to the enactment of these misguided rules and to my knowledge all have plans to do so.

By enacting this legislation to restrict and limit traders further will only cause a mass exodus of FOREX trading in the retail U.S. markets. No U.S. based brokerage under U.S. jurisdiction will be able to compete with the foreign counterpart.

We live in a global economy but yet we still make rules and regulations on a single economy scale? WHY?

This will cause American traders to put their money in less than scrupulous brokers with less ethics than what the U.S. permits via the NFA oversight.

So if American traders put their money in a foreign FOREX broker how can you say this will benefit the trader? How will this benefit the U.S. based broker if they are unable to compete?

Are we not satisfied until we move all high paying jobs overseas?

The rule of limiting Retail FOREX transactions to 10:1 leverage should be tossed out and abolished. Congress intention in giving the FOREX oversight was not to kill a legitimate business, this is what you will be doing if this rule is passed.

Before we were hit with all the erroneous NFA rules and regulations we were afforded up to 400:1 leverage. Guess what? people were blowing accounts even at that level. Changing the level of leverage will do nothing to prevent someone from blowing an account or losing in FOREX.

The U.S. retail FOREX market is an infant when comparing it to the U.K. and various other places. Yet they don't see the need for these kinds of rules and restrictions. If you are so worried about the consumer you should educate them and not restrict them.

Because an educated trader will know better when the time comes. Limiting leverage or some of these other ridiculous things the lawmakers that be come up with all in the name to protect us from OURSELVES? What a pathetic joke. If it's not obvious already I would hope that you elect to leave leverage rates the way they currently are at the minimum of 100:1. Otherwise the blood of retail U.S. FOREX markets are on your hands and the people you are trying to protect will be leaving your jurisdiction in droves.

An example below as why this rule of limiting FOREX retail transactions to 10:1 leverage should be abolished.

Under current trading rules:

Trader A trades with a $10,000 account with 100:1 leverage and needs the leverage to withstand various DD [DRAW DOWN] sequences that happen randomly. Trader A makes on average $1,000 USD per month or 10% a month. Trader A could make more, but due to trading style wishes to keep risk to a minimum.

Trader A under a 10:1 leverage requirement would be forced to maintain a $100,000 trading account to maintain the same risk levels as above. However the return would fall to 1% a month due to the hefty investment to keep risk low.

If you put Trader A in a higher trading account the effect is the same. If trader A has a 20,000 account making $2,000 USD per month the requirement under 10:1 rules would mean $200,000 trading account.

It is simple mathematics to see why 10:1 leverage rule should be abolished. If rule is imposed you have just killed the U.S. based retail FOREX market. The people you say you are trying to protect will be fleeing your jurisdiction for more favorable conditions.

Additionally the previous rules imposed by the NFA [FIFO and No Hedging in same FX acct] should be reconsidered and tossed out as "Anti-Competitive" as they do nothing in the way of promoting or allowing U.S. based brokers a competitive edge in the Retail FOREX business as the opening of Foreign Brokerage offices by U.S. based brokers would clearly show you.

To be afforded the ability to regulate something.... it must actually exist to be regulated. If the 10:1 Leverage rule is adopted your regulation authority will be very easy because the FOREX market as you now know it will cease to exist within your jurisdiction.

Sincerely,

Ray Austin

From: Chris Arnold <skeet103@gmail.com>
Sent: Sunday, February 21, 2010 10:27 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Hello,

I am very concerned about the proposal to increase the margin requirements for Retail Forex, for more than one reason.

First, on the personal level, I have been training for a year to be a trader. I am about to launch my trading business as a corporation.

A new regulation like this would severely limit my ability to grow my trading account.

I am 60 years old, my retirement savings are not going to last a lifetime.

Yet, now after this year of intense study and training I am confident I know how to manage the realities of leverage and loss control. I am confident I can do this and do well.

What alternatives do I have? Even though I am smart and technically skilled, no one is going to hire me at my age.

And, I am not alone...there are likely hundreds of thousands like me in my age group with no employment future....and probably millions of younger Americans who will be unemployed or underemployed for a long time. The jobs shipped to India (tech jobs) or China (manufacturing) are not going to come back.

In response to this, many, many US Citizens are learning to trade. Some are going to do well, if you don't change the regulations. There is an infrastructure being built out now in the educational and brokerage firms, and even the banks, that are preparing to serve this new demand. Please take a look at this. It is not small.

Those people who are suited for the career of trading, allowing themselves to become well prepared, practiced, and trained, will have self created jobs, they will be paying local taxes, and Federal taxes. They won't need unemployment, and they have money to spend in their local economies. Not only that, they can work from home, creating less demand for oil, and less traffic.

(Not everyone will have an aptitude for this work...but many will.)

The use of leverage in the Forex retail market is a beneficial thing to a person with the right skills to use it. It is not like giving a mortgage to someone who has no money. And, it is not the same as the leverage created by the Investment Banks that caused the financial system to almost collapse. It is not the same dynamic, and its scope is very small. Please don't make the mistake of seeing all leverage as evil. The leverage in the Forex market, if used wisely, allows a well trained individual to create an income for himself, and his family, without relying on the external job market, and without the need to have a million dollars to invest.

BUT, beyond that...there is now an infrastructure being built in the US to serve the retail Forex trader. If you implement the higher margin requirements, first this infrastructure and all the jobs that it is creating, is about to create, and will be creating, and all the tax revenue that goes with the business income, and those jobs, is going to disappear. It will never form.

Instead it will grow outside your jurisdiction. You will be giving all the transaction business to London or Switzerland, or even in the future, to Hong Kong or Singapore. Or Australia or New Zealand....I'm sure they would love to have the business. The only limitation is how they can access the fastest internet backbones.

There are already very good, highly regulated Swiss Forex brokers, more than willing to accept the US customers you would be pushing away. The same for London.

(By the way, London probably has more Forex transactions than the USA in any given day. The US is the second market.)

If the US Forex Retail Trader moves his accounts to London or Zurich, that in turn would force US Retail Forex

Brokers, if they wanted to stay in business, to move offshore outside your regulation, taking the jobs with them, and the payroll tax revenue, if not more.

You have a tremendous opportunity here to allow the formation of a new industry in the United States....one where well trained individuals (i.e. "taxpayers") can participate in the truly massive and dynamic world's currency markets, having equal access as the worlds largest banks. This type of access is relatively new...with a new type of Retail Forex Broker building out the infrastructure and creating a base for secure and integrous transactions required by the Forex trader.

Really, I cannot see any positive outcome for our country, if these regulations are implemented.

Actually I would suggest the opposite....keep the margin requirements as they are, and institute college level trainings for a person to enter the self-employed trading profession, so, if they are capable, can compete against the giants with success. The tax system and local economies will thank you.

Thank you.

Chris Arnold

From: John Lynch <jflx2@trithon.com>
Sent: Sunday, February 21, 2010 10:45 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I'm an investor in foreign currency through a U.S. dealer. I am very concerned about the proposed rules from the CFTC. The CFTC's recent ruleproposal, which would limit customer trading leverage to 10 to 1, would be a crippling blow to the U.S. forex industry. This unsustainable rule would drive U.S. forex dealers, which brings tens of millions of dollars into the U.S. banking industry each day, offshore into the hands of foreign competitors. It would encourage fraud both at home and abroad as customers seeking to trade retail forex would have no other legitimate domestic alternative. As an investor, I would be forced to take my business outside of the United States.

This would be another example of big government attempting to control free enterprise. This will seriously hurt small investors, like me, who depend on FX trading. If you're so concerned about FX scams then go hunt them down, but don't kill the whole damn industry! Help sustain our FREE MARKET, don't drive it out of the US.

John

John Lynch
Summit NJ, 07901
jflx2@trithon.com

From: John Roxburgh Brown <jrbrownrbc@tiscali.co.uk>
Sent: Sunday, February 21, 2010 11:14 AM
To: secretary <secretary@CFTC.gov>
Subject: CFTC Seeks Public Comments on Proposed Regulations Regarding Retail FOREX Transactions given in Release 5772-10 dated 13-1-2010

Secretary

I am delighted you are considering improving the regulation of the Forex brokers but find your leverage limitation of 10-to-1 too severe and respectfully suggest this should be 50-to-1.

We find FCM Oanda Corp. an excellent Broker but feel with our money management strategy a minimum of 50 to 1 and anything less would result in us having to remove our money to another country which is not what you intended.

Yours faithfully

J R Brown in the U K

From: John Lynch <jlynch@trithon.com>
Sent: Sunday, February 21, 2010 11:28 AM
To: secretary <secretary@CFTC.gov>
Cc: press@trithon.com
Subject: Regulation of Retail Forex

To: David Stawick, Secretary
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581

re: RIN 3038-AC61 in the body.

David,

I am a retail Forex trader using Interactive Brokers for my trading. Your proposal to limit retail leverage to 10x will KILL MY INCOME that I have spent years developing. And I notice that hedge funds and Goldman Sachs and BIG WALL STREET are exempted??? Give me a break. This is EXACTLY what you should NOT BE DOING.

Don't kill the whole damn market for the little guy and pretend that you are "protecting us". If your goal is to go after Forex trading scams then do that, but DON'T KILL THE WHOLE DAMN FOREX MARKET FOR THE LITTLE GUY.

John Lynch
President, Trithon LLC

From: Jon M <jem87654321@yahoo.com>
Sent: Sunday, February 21, 2010 12:49 PM
To: secretary <secretary@CFTC.gov>
Subject: Public Comment of Regulation of Retail Forex RIN 3038-AC61

To Whom It Concerns:

I start by saying I have not read the proposed regulation; I know of it by hearsay from my currency trading broker / market maker. I am a US citizen and resident.

I would like to comment on leverage, volume reporting, brokerages which do not allow delivery of a spot contract, and a potential exchange for the spot forex market.

1. Leverage.

I personally do not object to the 100:1 and 25:1 leverage which is currently industry standard. I say this as a trader who has thus far lost money in spot currencies. I do not and have not allocated funds I cannot afford to lose, I use stops which in normal market conditions negate the potential for a margin call, I calculate risk / reward, I understand what the risk of 100:1 leverage means, etc. I believe that anyone that does not understand how leverage and risk management work should be free to loose their shirt in a democratically and capitalist based republic, and probably deserves to loose their shirt.

2. Volume Reporting.

I asked my broker if the software reports real time trading volume, which I believe is critical to making sound trading decisions. The answer was, "No. This is proprietary to our company." They went on to say that they have a volume indicator on their software, but it was not very good, and they were working on improving it.

They were right, the volume indicator is not very good. I often wonder if it is real, or if someone in the broker's office is making the volume line up in order to manipulate trading for the broker's own trading account's advantage. I also saw a news report yesterday that worldwide trading volume, at the present time, goes up when the Eurodollar declines versus the US dollar. This 'hokey' volume indicator from my broker goes significantly DOWN when the Eurodollar declines against the US dollar. Is this specific to my broker's transactions, are they making this up for manipulation reasons, do I incorrectly remember the news report, or what?

I think that currency spot trading should be illegal without accurate, specific (actual numbers) and auditable real time volume information for both the proprietary brokerage house, the US based volume figures, and if do-able, the world volume figures.

3. Delivery Upon the Contract

In commodities futures, all trades are deliverable; the trader must take positive action to avoid product delivery. This feature creates a balance between speculators and commodity producers / end users, and helps create an efficient marketplace.

When I set up my spot trading account, I asked the broker what I needed to do to ensure that I was not required to take delivery of currency. The reply was that it was not possible to take delivery of a contract from this broker / market maker.

I believe that the lack of deliverability for these spot contracts unduly skews the marketplace at my broker to speculation, is probably repeated by other brokerage houses, and is unhealthy for the entire world financial system. I believe that trading in undeliverable spot forex contracts should be banned; it should work similarly to, say, a Chicago winter wheat futures contract. It should still be possible to roll a spot contract over rather than take delivery, because the speculator also has an important role to play for market efficiency and stability.

4. Exchange Based Trading.

While this is possibly difficult to implement, trading spot forex on an exchange, say the NY or Chicago futures exchanges, might be the most efficient and transparent mechanism to implement the above changes.

Sincerely,
Jon Mericle

From: Jason Bradley <jasonmbradley@bellsouth.net>
Sent: Sunday, February 21, 2010 1:11 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Mr. Stawick,

Concerning RIN 3038-AC61, I would like to ask you to consider the position of small retail Forex traders such as myself. It is to my understanding that the proposed regulation would change the maximum leverage from 100:1 to a maximum of 10:1. I would *implore* you not to implement this change.

This change would be devastating to the small trader such as myself. I can understand that the intention is to control the exposure level of risk in the market, but this type of change will harm the efforts of the small trader, while only being a minor setback to the larger, highly capitalized institutional traders. The small traders have not been the source of any of the recent problems in the markets. I cannot see how penalizing their efforts will in any way help the markets or have any positive benefits.

As I am sure you are aware, the Forex markets are the largest in the world with estimates in the trillions of dollars trading every day. Yet the Forex in particular and Futures markets in general have not been the source of any of the headline problems in the recent past. The types of problems incurred in the securitized portfolios and OTC derivatives markets are not a result of the actions of retail traders. By nature of the margin requirements of trading accounts for individuals we are strictly limited by the size of our account in relation to the level of trading we can engage in. The strict rules of the NFA and the CFTC have performed remarkably well and I think they are a fantastic example of how a regulatory environment *should* work. But this proposed change of leverage limits would drastically harm the ability of the smaller trader to participate in the markets.

Historically I cannot think of any major problems that have been created by smaller retail traders. The most harm we do is to ourselves by blowing out our own accounts. But that is the nature of risk in the markets, which anyone participating in specialized markets such as Forex and Futures understands coming into the arena, or at least if they don't they have no one to blame but themselves. Implementing the proposed leverage restriction would place unnecessary hardship on the small trader while being no major impediment to the institutional traders. This does not seem, to me, to effectively express the intent of the regulations.

I hope you will keep my opinion and position in mind while considering this proposed rule change, and I ask you respectfully to refrain from enacting this excessively restricting change.

Sincerely and with highest regards,

Jason M. Bradley

From: ali ak <btherichb@yahoo.com>
Sent: Sunday, February 21, 2010 3:23 PM
To: secretary <secretary@CFTC.gov>
Subject: 10:1=ACT OF WAR

Once again. YOU are looking to shut down Forex for retail traders by any means first it was FIFO Rule now this 2nd attempt is limiting leverage size to 10:1 all proposed in name of rescuing retailers (B.S!) It's a COVER UP in other words its declaration of war

From: ali ak <btherichb@yahoo.com>
Sent: Sunday, February 21, 2010 3:24 PM
To: secretary <secretary@CFTC.gov>
Subject: ACT OF WAR=10:1

ACT OF WAR=10:1

From: ali ak <btherichb@yahoo.com>
Sent: Sunday, February 21, 2010 3:53 PM
To: secretary <secretary@CFTC.gov>
Subject: FROM TEXXAS 10:1=ACT OF WAR
Attach: america-kill-you-in-your-sleep-500x375.jpg

10:1=ACT OF WAR TO SMALL MONEY HOLDERS.
NFA=NASTY FOREX ARROGANT

CTFC=COMPANY TO FİGHT COCKS

From: Orlando Brown <occtrader@yahoo.com>
Sent: Sunday, February 21, 2010 3:54 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I'm am really getting sick of this government. This is not CUBA. And our economic systems is capitalism not communism or socialism. Please allow me and my family to realize the American dream. If you make these changes I will switch my account to a foreign account however, I will make sure all responsible parties for the change is not voted back into office.

Healthcare: I saw both sides, I stayed quiet and didn't worry about it. Increasing taxes, ok, gladly pay my share besides, I reinvest it reducing my taxable amount anyway. Now you are trying to limit what I make? You are taking it too far. Go ahead, reduce my potential income today, and I'll make you pay on election day.

Sincerely,

Orlando J. Brown
8413 Barrett Place
Tampa, FL 33617
813-380-8486

From: Orlando Brown <occtrader@yahoo.com>
Sent: Sunday, February 21, 2010 3:56 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Can you provide me with every politician's name that have the power to enact this measure?

From: Ashton Baney <baneya@hushmail.com>
Sent: Sunday, February 21, 2010 8:49 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

You are a bunch of liars. You say that these new regulations are to protect forex traders. Yet all the regulations you have imposed make it easier for forex traders to loose money. These are not regulations, but violation's of the very basic principles of free trade.

Mark my words, history will show that these violation's that you are imposing will hurt America. With the flick of a pen you have made America a less attractive place to do business. Commerce functions as the central mechanism which drives FREE MARKET capitalism and here you are doing everything you can to choke the free markets to death.

Are you a bunch of socialists now, Thinking that if you limit the wealth of forex traders that it will be good for poor people?

History has proven over and over again that socialism is an indisputable failure and yet it's astounding to me that people sill fail to grasp the deeper understanding that state interference (the keystone of socialism) destroys economic prosperity and freedom for all.

Ashton Baney
Brooklyn NY, 11220
baneya@hushmail.com